



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-7, New Mexico State Income Tax Withholding

Date: April 22, 2004

To: Holders of TAXES (State of New Mexico only)
Personnel User Groups
T&A Contact Points in New Mexico

Beginning with wages paid for Pay Period 8, the National Finance Center (NFC) will change the Single or Head of Household and Married withholding tables for the state of New Mexico income tax withholdings.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's home page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC's processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov.

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New Mexico State Income Tax Information

State Abbreviation:	NM
State Tax Withholding State Code:	35
Acceptable Exemption Form:	None
Basis For Withholding:	Federal Exemptions
Acceptable Exemption Data:	None
TSP Deferred:	Yes
Special Coding:	None
Additional Information:	A state tax certificate is not required since Federal exemptions are used in the computation of the state formula.

Withholding Formula ►(Effective Pay Period 8, 2004)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the gross annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the gross annual wages to compute the taxable income.
Exemption Allowance = \$3,050 x Number of Exemptions
6. Apply the taxable income computed in step 5 to the following table to determine the New Mexico tax withholding.

Tax Withholding Table Single or Head of Household

If the Amount of Taxable Income Is:		The Amount of New Mexico Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ 1,700	\$ 0	plus	0.0%	\$ 0
1,700	7,200	0	plus	1.7%	1,700
7,200	12,700	93.50	plus	3.2%	7,200
12,700	17,700	269.50	plus	4.7%	12,700
17,700	27,700	504.50	plus	6.0%	17,700
►27,700	and over	1,104.50	plus	6.8%	27,700◄

If the Amount of Taxable Income Is:		Married The Amount of New Mexico Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$ ▶0	\$ 6,450	\$ 0.00	plus	0%	\$ 0
6,450	14,450	0.00	plus	1.7%	6,450
14,450	22,450	136.00	plus	3.2%	14,450
22,450	30,450	392.00	plus	4.7%	22,450
30,450	46,450	768.00	plus	6.0%	30,450
46,450	and over	1,728.00	plus	6.8%	46,450◀

7. Divide the annual New Mexico tax withholding by 26 to obtain the biweekly New Mexico tax withholding.